

Message Text

CONFIDENTIAL

PAGE 01 ADDIS 10360 302044Z

73

ACTION AF-18

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 DODE-00 PM-07 H-03 L-03

NSC-07 PA-04 PRS-01 SS-20 USIA-15 DRC-01 /159 W

----- 114478

R 301425Z AUG 74

FM AMEMBASSY ADDIS ABABA

TO SECSTATE WASHDC 815

C O N F I D E N T I A L ADDIS ABABA 10360

E.O. 11652: GDS

TAGS: ECON PINS ET

SUBJ: AFCC AND THE BUSINESS COMMUNITY

REF: ADDIS 10065

1. OVER PAST FEW DAYS, IT HAS BECOME INCREASINGLY CLEAR THAT AFCC BECOMING MORE AND MORE INVOLVED IN SPHERE OF BUSINESS. ON AUG 27, AMHARIC LANGUAGE PRESS CARRIED AFCC ANNOUNCEMENT THAT NATIONAL RESOURCES DEVELOPMENT SHARE COMPANY (NRD) AND SUBSIDIARIES SUCH AS AMBO MINERAL WATER FACTORY HAD BEEN "NATIONALIZED" AND PLACED UNDER DIRECT CONTROL OF IMINISTRY OF FINANCE. ANNOUNCEMENT IN FACT HIGHLY MISLEADING SINCE THESE PROPRITIES NATIONALIZED AT END OF WORLD WAR II WHEN SEIZED FROM ITALIANS BY ETHIOPIAN CUSTODIAN OF ENEMY PROPERTY. NRD IS DIRECT SUCCESSOR OF CUSTODIAN AND HAS, MOREOVER, BEEN UNDER CONTROL OF FINANCE MINISTRY FOR SOME TIME. ACCORRDIING TO MINISTER OF FINANCE MEGASH DESTA, ONLY THING THAT WILL CHANGE IS NAME.

2. ON FOLLOWING DAY.BOTH ENGLISH AND AMHARIC PRESS CARRIED AFCC

ANNOUNCEMENT THAT AMBASSA BUS CO (KNOWN OFFICIALLY AS GENERAL ETHIOPIAN TRANSPORT CO) HAS ALSO BEEN NATIONALIZED

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ADDIS 10360 302044Z

AND WOULD HENCEFORTH BE RUN AS CHARTERED GOVERNMENT AGENCY

UNDER DIRECT SUPERVISION OF MINISTRY OF FINANCE. ANNOUNCEMENT SAID THAT COMPANY WAS FOUNDED 22 YEARS AGO BY 31 SHAREHOLDERS, LARGELY MEMBERS OF ROYAL FAMILY. MOST OF CAPITAL WAS BELIEVED TO HAVE BEEN DRAWN FROM PUBLIC FUNDS. ACCORDING TO COMMITTEE, SHARE VALUE OF COMPANY HAD BEEN DELIBERATELY INFLATED TO EXCLUDE ORDINARY SHAREHOLDERS. IT ADDED, HOWEVER, THAT THOSE FEW INDIVIDUALS WHO BOUGHT SHARES WITHIN LAST 12 MONTHS WOULD BE FULLY COMPENSATED.

3. COMMENTING ON THIS LATTER NATIONALIZATION, FINANCE MINISTER TOLD EMBASSY OFFICERS THAT REASON THT COMPANY NATIONALIZED WAS BECAUSE IT WAS A PUBLIC SERVICE COMPANY, OWNED BY A SMALL NUMBER OF INDIVIDUALS, WHICH WAS NOT PROVIDING PROPER SERVICE TO PUBLIC. HE WENT ON TO SAY THAT ACTION SHOULD NOT BE CONSTRUED AS A PATTERN FOR FUTURE AND THAT IT EXTREMELY UNLIKELY THAT ANY "NORMAL" COMMERCIAL ENTERPRISE WOULD BE AFFECTED.

4. SOMEWHAT MORE DISTURBING THAN NATIONALIZATION ANNOUNCEMENTS, HOWEVER, ARE STORIES EMBASSY HAS HEARD ON TREATMENT OF ONE ETHIOPIAN AND ONE GERMAN BUSINESSMAN AT HANDS OF AFCC. FIRST CONCERNS ATO GEGREYES BEGNE, GENRAL MANAGER OF ETHIOPIA AMALGAMATED, WHICH IMPRTED ETHIOPIA'S FERTILIZER REQUIREMENTS FOR LAST YEAR AND REPRESENTS NUMER OF US AND OTHER FOREIGN FIRMS. DURING COURSE COMMERICAL DISPUTE WITH AIDB (GOVERNMENT PURCHASER) ON PAYMENT FOR LAST PART SHIPMENT, ATO GEB-EYES WAS INFORMED BY AFCC CAPTAIN THT HE MUST DELIVER FERTILIZER BEFORE DISPUTE SETTLED BECAUSE "IT WAS HURTING FARMERS." GEBREYES REPLIED THAT THIS WAS NOT POSSIBLE WITHOUT SOME KIND OF PAYMENT SINCE COMMERCIAL BANK HELD TITLE TO FERTILIZER. ON FOLLOWING DAY, A LIEUTENANT AND TWO SERGEANTS ARMED WITH MACHINE GUNS WALKED INTO OFFICE, SLAPPED GEBREYES IN FACE AND TOOK HIM TO 4TH DIVISION HEADQUARTERS, WHERE HE WAS BEATEN. HE WAS LATER RELEASED AND AT MOMENT IS TRYING TO CONVINCE COMMERICAL BANK TO ADVANCE MONEY FOR RELEASE OF FERTILIZER.

5. GERMAN BUSINESSMAN IS GENERAL MANAGER OF TRAPP, GERMAN CONSTRUCTION COMPANY WHICH BUILT NEW ADDIS-ASSAB HIGHWAY. AFCC HAS ORDERED MANAGER TO PAY ETH\$500,000 (US\$240,000) IN BACK PAY CHIMED BY ETHIOPIAN WORKERS, WHICH MANAGER FELT NOT CONFIDENTIAL

CONFIDENTIAL

PAGE 03 ADDIS 10360 302044Z

JUSTIFIED. IN MEANTIME, MANAGER REFUSED EXIT PERMIT. ACCORDING GERMAN AMBASSADOR, FOREIGN MINISTER TOLD HIM HE WAS HELPLESS. WYMAN

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NATIONALIZATION, BUSINESS FIRMS, POLITICAL SITUATION
Control Number: n/a
Copy: SINGLE
Draft Date: 30 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: martinml
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ADDIS10360
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740242-0022
From: ADDIS ABABA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974086/aaaaaegt.tel
Line Count: 110
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: ADDIS 10065
Review Action: RELEASED, APPROVED
Review Authority: martinml
Review Comment: n/a
Review Content Flags:
Review Date: 28 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 AUG 2002 by boyleja>; APPROVED <05 MAR 2003 by martinml>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AFCC AND THE BUSINESS COMMUNITY
TAGS: ECON, PINS, PGOV, ET
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005